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UNCLAS SECTION 01 OF 06 UNVIE VIENNA 000637

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E.O. 12958: N/A  
TAGS: [KNNP](#) [AORC](#) [IAEA](#) [IR](#)  
SUBJECT: IAEA/IRAN: BOARD OF GOVERNORS CALLS FOR IRANIAN  
COOPERATION

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Summary  
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¶1. (SBU) The November 27, 2008, IAEA Board of Governors discussion of Iran largely focused on Iran's failures to abide by the UNSC and Board resolutions and Iran's lack of cooperation with the IAEA on issues associated with "possible military dimensions" (PMD). In addition to the core like-minded states, South Africa, Afghanistan, and Argentina delivered unusually strong statements critical of Iran. Twenty-seven of the thirty-five Board Member States spoke or were spoken for by the EU, and two states spoke under Rule ¶50. The majority of statements requested Iran to comply with UNSC and Board requirements on suspension, the Additional Protocol (AP), and Code 3.1 of Iran's IAEA Safeguards Agreement (early declaration of nuclear facilities). Most Board members requested additional transparency or cooperation on the "alleged studies" and/or PMD, with many regretting Iran's stonewalling on these issues.

¶2. (SBU) Several countries expressed concern that the IAEA was refused design information verification (DIV) privileges at the IR-40 Heavy Water Research Reactor (HWRR) at Arak, and some recalled and highlighted the IAEA's Legal Advisor's observation, in reply to a question during the November 21 Technical Briefing, that the refusal was "inconsistent with Iran's safeguards obligations."

¶3. (SBU) The NAM statement largely reiterated the Tehran Ministerial declaration, and the NAM troika of Cuba, Egypt and Malaysia each supported Iran's position and focused criticism on the IAEA's failure to provide "alleged studies" documentation to Iran. The Director General (DG), in remarks opening the Board meeting, had once again called on the Member States that provided the Agency documentation related to the alleged studies to authorize the Agency to share it with Iran, a call repeated by the NAM troika. Other NAM (Philippines, Ghana, India) delivered more measured statements calling for Iranian cooperation, and Afghanistan warned of the danger Iran posed to the region.

¶4. (SBU) Iran responded with familiar arguments that certain Member States have turned this into a political crisis and are using the IAEA for their hidden agendas. Iranian Permanent Representative Soltanieh attacked several of the "like-minded" countries' statements for being "outrageous" and "dangerous." In a twist on Iran's occasional hints that it could withdraw from the NPT, a new theme Soltanieh floated in the Board room and at his press conference was that these countries hoped that the sanctions and pressure would cause Iran to withdraw from the NPT and isolate itself. In this attempt, he said, the Western states had "miscalculated." End Summary.

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DG Sees Hindrance in Non-Releasability

¶5. (SBU) The Director General (DG) in his opening statement to the Board on November 27, noted that a number of outstanding issues relevant to the "alleged studies" remained open and needed to be clarified in order to exclude the existence of "possible military dimensions" (PMD) to Iran's nuclear program. Although he stated that it was regrettable that the IAEA has not made any substantive progress on PMD, he also stated that he regretted "the fact that the IAEA has not been able to share with Iran documentation provided by Member States" and called on the Member State to authorize the IAEA to do so.

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Russia and China Relatively Helpful  
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¶6. (SBU) Russia commended the IAEA's work to clarify Iran's nuclear program and stated that it should continue its work without "politicization." Russia called on Iran to fully implement all transparency measures, including the Additional Protocol (AP) as a confidence building measure, and implement the UNSC and Board requirements. China's statement, on the other hand, was weaker and focused largely on a negotiated resolution with the "relevant" parties keeping their patience, while also calling on Iran to implement the relevant Board and UNSC resolutions.

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EU, EU-3, and Like-Minded Deliver

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Strong Statements  
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¶7. (SBU) As EU President, France presented a very strong EU statement. The EU observed with regret Iran's failure to abide by numerous UNSC and Board resolutions and deplored Iran's refusal to allow the IAEA to perform the design information verification (DIV) at the IR-40 Heavy Water Research Reactor (HWRR) at Arak. France noted that each day Iran continues its non-cooperative behavior is another day lost towards resolving the issue. The EU also made clear that it would not accept the "fait accompli" that Iran is trying to force upon the international community in regard to its centrifuge enrichment program.

¶8. (SBU) The British Ambassador delivered a particularly tough EU-3 statement that he himself drafted. (Comment: The Israeli Ambassador commented to MsnOff that he thought it was the best statement he had ever heard from the UK Ambassador on the Iran issue. End Comment.) The statement emphasized that Iran's failure to cooperate and its unresponsiveness to the IAEA show "utter disrespect" for the IAEA and the members of the Board. The EU-3 noted that the only progress Iran has made since the DG's September report-enriching additional uranium and continuing its heavy water-related activities-was progress in the wrong and dangerous direction. The EU3 stressed that the situation described in the DG's report "is profoundly unsatisfactory," and if Iran's choice remains one of defiance and isolation, the EU-3 is "equally determined to show that that choice has cost."

¶9. (SBU) Australia, Canada, Japan, and New Zealand all delivered strong statements that noted it was essential for Iran to promptly and substantively respond to the IAEA's questions regarding PMD projects and meet all Board and Security Council obligations, including suspension, implementing the AP, and Code 3.1. Australia explained that it would not be enough to say the Iran nuclear situation "has reached a standstill, or merely that no progress has been made in the Agency's efforts to shed light on Iran's nuclear activities. In Australia's analysis, the (DG's) report indicates that matters have moved backwards" Canada noted

that it was deeply concerned that no progress on the "alleged studies" had been made and emphasized that full transparency was long overdue. Japan strongly urged Iran to provide full cooperation with the IAEA on the "alleged studies" and return to the negotiation process based on the comprehensive package proposed by the P5 1 without further delay. New Zealand called on Iran to clarify all outstanding issues, including those associated with PMD, as soon as possible.

¶10. (SBU) Albania, fully associating itself with the EU statement, delivered a strong statement highlighting point-by-point Iran's failures to abide by the UNSC resolutions and to respond substantively to the IAEA's requests on PMD. Albania noted there was no good reason for Iran not to cooperate. The Swiss statement largely focused on the "diplomatic front" of the Iran nuclear situation and described how the "Solana process" provided a real solution. Switzerland noted how in previous DG's reports there had been some positive elements, but observed that the current report contained nothing positive.

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South Africa and Argentina Also  
Critical of Iran  
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¶11. (SBU) South Africa, although associating itself with the NAM statement, delivered its strongest intervention on Iran to date. South Africa demanded that Iran implement Code 3.1 and the AP without delay, as "a critical enabling instrument to demonstrate the true nature of its nuclear program." Noting Iran's refusal to allow a DIV at the Arak reactor, South Africa further encouraged Iran to demonstrate the "true nature of its nuclear program." South Africa also called on Iran to abide by UNSC and Board resolutions and, as a matter of transparency, to provide access and documentation so as to address the serious concerns raised by PMD issues. South Africa noted, however, that there had been no information, aside from the uranium metal document, on the manufacture of nuclear weapons components or use of nuclear material. After so many years, South Africa remained concerned that the IAEA was unable to draw conclusions on the absence of undeclared activities/full nature of the Iranian program, and called for intensified cooperation by Iran. (Comment: Mission speculates that the stronger South African statement could relate tactically to South African Governor

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Minty's candidacy for DG and his attempt to win support from Europe and the U.S. End Comment.)

¶12. (SBU) Also delivering a strong statement, Argentina regretted Iran's failure to implement Code 3.1 and the AP and registered "deep concern" with the DG's report of the lack of Iranian cooperation. Echoing the like-minded, Argentina demanded that Iran comply without delay with UNSC resolutions, suspend enrichment, and provide access to the IR-40 reactor. No other GRULAC Board members, including Brazil and Ecuador who have made good statements in past Board sessions, spoke this time on Iran.

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Turkey All Too Nuanced  
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¶13. (SBU) Turkey gave a disappointingly nuanced statement and did not/not associate itself with the EU statement. Turkey's statement began by affirming NPT rights and noting the non-diversion of declared nuclear material, though the Agency was unable to verify the full scope of Iran's nuclear program. As a neighboring country, Turkey called on Iran to alleviate the crisis of confidence by peaceful means but made no reference to Iranian cooperation with the IAEA or compliance with UNSC resolutions. (Comment: We hope that this relatively weak statement to the Board is not a harbinger of

Turkey's positions on the UN Security Council. End Comment.)

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NAM Troika Rallies to Iran's Side  
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¶14. (SBU) The NAM statement, delivered by Cuba at the beginning of the Iran agenda item, was almost a carbon copy of the NAM statement to the September Board, again quoting in its entirety the July Tehran Ministerial declaration on Iran. In addition, the NAM noted, as usual, the DG's report of the non-diversion of declared nuclear material and no evidence of reprocessing. With respect to the "alleged studies," the statement referred back to language in the September DG report, indicating that the Agency not being authorized to provide documentation to Iran was an obstacle to verification. The NAM also noted the absence of any nuclear material in connection with the "alleged studies." Speaking later in its national capacity, Cuba added a few "essential elements," parroting Iran's position on the completion of the IAEA's August 2007 work plan, resumption of routine verification, and political manipulation of the UNSC to deny NPT rights by demanding suspension as an unjust precondition for negotiation. Cuba also focused its ire on the "hypocrisy" of a group of member states that prevent the IAEA from providing documentation to Iran, while demanding Iranian cooperation beyond Iran's legal obligations.

¶15. (SBU) Egypt and Malaysia also hewed closely to the NAM playbook. Egypt called for full cooperation by Iran with its legal obligations under the comprehensive safeguards agreement, but likewise argued that any cooperation "in excess," based on "allegations," was unjustified. Egypt and Malaysia called for information sharing by others while reaffirming Iran's right to confidentiality of national security information. Malaysia added that the IAEA should not visit conventional military sites. Both defended the impartiality of the IAEA against undue pressure and interference and concluded with the customary call for a Middle East NWFZ. Malaysia was particularly ardent about the West punishing Iran and turning a blind eye to Israel.

¶16. (SBU) Finally, speaking under Rule 50, non-Board member Venezuela offered a "principled" defense of Iran, noting that the dynamic of cooperation between Iran and the IAEA had been overshadowed by the threat of UNSC sanctions. Venezuela also decried the handful of countries that had failed to provide Iran documentation as a denial of "due process." This had resulted in undue pressure on the IAEA in areas beyond its Statutory authority so as to advance their geopolitical agenda in the region.

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Other NAM Provide Measured Criticism  
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¶17. (SBU) Associating itself with the NAM, Philippines gave a measured expression of concern with the lack of substantive progress on outstanding issues and called on "all parties" to cooperate. However, Philippines also demanded compliance with UNSC and Board resolutions and the implementation of the AP as well as confidence building measures. Ghana delivered

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one of the pithiest assessments by any NAM member. Although it too associated with the NAM, Ghana supported the DG's call on Iran to cooperate and implement, at the earliest possible date, all measures to assure the peaceful nature of its nuclear program. Doing so, Ghana noted, would allay the concerns of the international community and also remove Iran from the Board's agenda, giving Iran the peace of mind to pursue a peaceful nuclear program.

¶18. (SBU) India did not associate itself with the NAM and delivered a characteristically short and balanced national statement. India noted no progress since the September DG

report, and called on "all concerned" to cooperate to clarify concerns while "trusting" that Iran will also do so. As in previous Board statements, India concluded with a reference to the "supply side of proliferation," an indirect dig at Pakistan.

¶19. (SBU) Afghanistan was the only state in the region to raise the specter of the "direct danger" Iran's nuclear program may pose. While defending the NPT right to peaceful use, Afghanistan was critical of "hostile statements" made by Iran. Portraying itself as a neighbor and close ally of the Iranian people, Afghanistan called for continued cooperation by Iran with the IAEA.

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Same Old Iranian Statement  
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¶20. (SBU) As usual, Iranian Ambassador Soltanieh delivered a two-part statement, starting with prepared remarks that followed the usual themes and finishing with a more colorful response to the statements made by others in the Board room. In the course of his diatribe, Soltanieh half-jokingly proposed that DG ElBaradei serve another term to deal with the Iran dossier, a proposal which prompted a repartee with the Board Chair. Soltanieh then warned that the U.S., UK, and France have a hidden agenda and want to change the IAEA's mandate in practice, but these three states have made a number of "historical miscalculations" such as underestimating the determination of Iran to defend its nuclear rights at all costs or Iran's technical capability to master nuclear technologies. He specifically called out France-marking the second time he has done so since the November 21 Technical Briefing-for its "dangerous" statement.

¶21. (SBU) Another new theme Soltanieh mentioned in the Board room and at his post-board press conference was that Western countries hoped that the sanctions and pressure would cause Iran to withdraw from the NPT, presumably because this would cause additional pressure on Iran. Other arguments are well-worn, and focused on Iran's proclaimed cooperation "above and beyond" its requirements, the West's "politicization" of the Iran issue, the IAEA's admission again that it can certify Iran's non-diversion of nuclear material from declared sites, and that there are no outstanding questions since the IAEA-Iran work plan was completed. Soltanieh also invited states to bid on the nuclear power plants it plans to build in the coming years.

¶22. (SBU) Two of Soltanieh's arguments are directly contradicted by the Director General's reports: that Iran has no obligation to allow inspections of Arak and that the report says that Iran is not undertaking any undeclared activities. Soltanieh again referenced his June PowerPoint presentation of Iran's "answers" to the IAEA's questions on the weaponization information and focused on the lack of a classification marker on the documents despite their "supposed" sensitive nature. He even waved around a five euro rubber classification stamp, promising to pass it to the U.S. so that they can "do better next time." Soltanieh also tried to paint P5 efforts at entering negotiations as disingenuous since, according to Soltanieh, Iran was waiting for its questions of clarification on the package to be answered when UNSCR 1835 was passed.

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Chair's Summary  
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¶23. (SBU) In her summary, the Chair (Algerian Ambassador Feroukhi) noted that several Member States expressed serious concern that the Agency has yet to confirm the exclusively peaceful nature of Iran's nuclear program and that there remain a number of outstanding issues. In addition, several Member States noted their concern about the absence of Iranian cooperation and progress on PMD. The Chairwoman took note that some Member States deplored Iran's objection



to the DIV at the IR-40 reactor, and several Member States underlined that Iran could not unilateral suspend Code 3.1 of its Subsidiary Arrangement. The summary stated that several members noted that Iran needed to implement the AP, resolve questions related to the "alleged studies" and associated issues, provide more information on the circumstances of the acquisition of the uranium metal document, clarify procurement and R&D activities of military-related institutes and companies that could be nuclear-related, and clarify the production of nuclear equipment and components by companies belonging to defense industries.

124. (SBU) The summary also reflected that several Member States noted that no nuclear material has yet been connected to Iran's weaponization-related work, and that the IAEA has reported the non-diversion of declared nuclear material in Iran, although the absence of undeclared material and activities in Iran was an ongoing and time consuming process. The Chairwoman also recalled that several members supported the statement of the DG that other Member States should authorize the IAEA to share "alleged studies" documentation with Iran, which was a matter of concern that could impede the verification process. (Comment: In contrast to her handling of Syria, the Chair's summary was fair and balanced and accurately reflected comments made on the Iran issue.)

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U.S. Statement  
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125. (U) Begin text of U.S. statement:

Madam Chairwoman,

During the last three and a half years, I have attended fifteen Board meetings on Iran, and I have read fifteen Director General reports on Iran.

The report before us today is sadly familiar.

The report is sadly familiar because it documents once again Iran's two basic failures: Iran's failure to comply with UN requirements and Iran's failure to cooperate fully with the IAEA.

These failures do not build confidence in the claims of Iran's leaders that their pursuits are purely peaceful. Instead, the Director General tells us once again that the Agency cannot provide credible assurance about the absence of undeclared nuclear material and activities.

This lack of confidence started with Iran's noncompliance with its safeguards obligations. It has grown with each further act of non-cooperation. And it is compounded by Iran's determined pursuit of capabilities for uranium enrichment and plutonium production. These pursuits are hard to understand as peaceful when they violate multiple resolutions of the IAEA Board and UN Security Council, make no sense commercially, and could be readily diverted to the manufacture of nuclear weapons.

Iran claims that its uranium enrichment is for nuclear power reactors. But Iran has no nuclear power reactors and the one under construction at Bushehr already has the necessary fuel. Why do Iran's leaders rush to enrich uranium when they have no reactors to fuel?

The Director General once spoke of a "deficit of confidence." That deficit is now so deep that it's difficult to fathom.

Madame Chairwoman,

The latest report is sadly familiar, but familiarity is not a cause for complacency. Rather the developments the Director General reports are cause for alarm.

One development is Iran's continued enrichment of uranium and active preparations to expand its capacity. Iran is now stockpiling low enriched uranium absent an obvious civil requirement. The amount of low enriched uranium now stockpiled, if further enriched to weapons grade, would surpass one half of an IAEA "significant quantity" -- the amount it deems sufficient for one nuclear weapon.

A second development is Iran's complete blockage of the Agency's investigation of outstanding questions about a possible military dimension to Iran's nuclear program. The Director General has called this a matter of serious concern.

He has called for substantive responses. Iran's leaders

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have replied not with substance but with steadfast refusal.

These two developments -- Iran's continued enrichment activities and indications that it is also, at least until recently, worked on weapon design and integration into a delivery system -- combine to give cause for grave concern.

Consider two scenarios.

In the first scenario, Iran's authorities -- disregarding as always international concerns -- throw the IAEA inspectors out of Natanz, reconfigure the centrifuges, and further enrich Iran's growing stockpile of low enriched uranium to weapons grade. At the same time, unbeknownst to IAEA inspectors, they resume past work on weaponization so that the weapon-grade uranium can be fashioned into nuclear warheads and mounted on a delivery system.

In the second scenario, Iran's authorities secretly transfer the technology and expertise they are developing at Natanz to a covert facility, well beyond the scrutiny of IAEA inspectors. They continue to operate Natanz, under IAEA supervision, to provide cover for the construction and operation of the covert facility. Like in the first scenario, they also resume work on weaponization in secret.

Both scenarios are plausible but the second may be more likely and worrisome. Why worry about covert enrichment? First, Iran has a history of hiding its nuclear activities. Remember that Natanz was built as a covert facility in violation of IAEA safeguards until it was exposed to the world. Second, Iran has unilaterally suspended Code 3.1 of its safeguards obligations that requires it to inform the Agency of plans to construct new nuclear facilities. Third, Iran is refusing to implement the Additional Protocol, which is specifically designed to increase the Agency's chance of finding undeclared sites. Fourth, Iran is denying IAEA inspector requests to visit the workshops where it is building centrifuges, thus keeping the Agency from knowing how many are produced. The Director General has made clear in several reports that the Agency "will not be able to provide credible assurances about the absence of undeclared nuclear material and activities in Iran" without reversals of these Iranian attempts to stymie the IAEA's investigation.

Madame Chairwoman,

I am certain that these two scenarios will be firmly rejected by the distinguished Permanent Representative of the Islamic Republic of Iran. After all, Iran's leaders claim that their pursuits are purely peaceful.

But if their pursuits are purely peaceful, Iran's leaders should take steps to show us. Two basic steps have already been mapped out by the Board and Security Council:

first, suspension of all uranium enrichment-, and heavy water-related activities;  
second, full cooperation with the IAEA, including by

implementing the Additional Protocol, granting the inspector's transparency requests, fully disclosing past weapons-related work, and allowing the inspectors to verify it is halted.

Madame Chairwoman,

The United States will continue its strong support for the Agency's investigation. That investigation must continue until the Board is assured of the peaceful nature of Iran's nuclear program.

Iran's leaders face a choice. They can continue what has become sadly familiar -- failures to comply and failures to cooperate, leading to more sanctions and isolation. Or they can choose transparent cooperation and confidence building that can lead through negotiations to international respect and a diplomatic settlement.

We are ready for the second, more hopeful, choice and fervently hope that Iran's leaders are too.

End text.

SCHULTE